



BTCS Inc. (OTCQB: BTCS)

December 28, 2015
Target Price: \$0.62
Recent Price: \$0.11

Market Data

Fiscal Year	December
Industry	Blockchain & Bitcoin
Market Cap	\$17.3M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	N/A
Price/Sales (ttm)	46.6x
Insider Ownership	46.0%
Shares Outstanding	157.5M
Float	77.2M
Avg. Daily Vol. (3 mos.)	322,169

As of December 24, 2015

Balance Sheet Snapshot

	MRQ
Cash*	\$1.5M
Debt*	\$1.5M

*Includes proceeds from \$1.45 million convertible debt financing on 12/16/15

Company Website

www.btcs.com

Company Overview

BTCS secures the blockchain through its rapidly growing transaction verification services business and plans to build a broader ecosystem to capitalize on opportunities in this fast growing industry. The blockchain is a decentralized public ledger and has the ability to fundamentally impact all industries on a global basis that rely on or utilize record keeping and require trust. BTCS continues to evaluate and build additional blockchain technology consumer solutions. BTCS also actively partners and integrates with strategic digital currency and blockchain technology companies who provide products or services that are complementary to its business strategy.

Value Proposition

Given BTCS's strong long-term potential, transaction verification services revenue, focus on blockchain technology, and universal ecosystem business model, we are valuing BTCS at a target price of \$0.62, representing current upside of 343%. Venture capital investments in bitcoin totaled approximately \$335 million in 2014, which is greater than the value of early venture capital investment in the Internet (\$250 million in 1995). The transaction verification services business has the potential to be very scalable, and we are projecting total revenue of \$20.4 million in 2016. Long-term, transaction verification services companies can gain revenue through transaction verification fees from consumer usage. Additionally, transaction verification services help to secure the blockchain. This gives long-term profit potential as applications and transactions take place on the blockchain. Early investments in digital currency companies could lead to significant returns if digital currency adoption and blockchain technology development continue to accelerate.

Investment Highlights

Revenue currently generated through transaction verification services business, or digital currency mining; merging with Spondoolies-Tech (\$28M in 2014 rev)

- BTCS shareholders will own a 55.4%-54.4% stake in the combined Company
- Declining bitcoin prices and increased cost of transaction verification services driving companies out of the transaction verification business; leads to opportunity for BTCS
- Spondoolies is the premier developer of Bitcoin transaction verification servers; cutting edge technology should maximize the value of BTCS's transaction verification business

BTCS is attempting to create a universal digital currency platform with one point of access; majority of digital currency competitors focus on one product inside the ecosystem

BTCS has developed a series of strategic partnerships and investments to develop this ecosystem:

Wallet: Syndicate investor in Gem, which is developing a secure, cloud wallet storage technology

ATM: Lead investor in the seed round in Coin Outlet, a digital currency ATM manufacturer

Financial services: Lead investor in the bridge round in Expresscoin, a digital currency exchange with multiple payment options

Payment processor: Lead investor in the Series A financing for GoCoin, a leading international digital currency payment platform

BTCS's beta ecommerce business offers an "Intelligent Shopping Engine" to find consumers competitive prices on products from over 250 retailers